

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | | | | | |
|--|--|--------------|--|--|--|--------|--|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | | | Local Government Name | | County | |
| Audit Date | | Opinion Date | | Date Accountant Report Submitted to State: | | | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | |
| Reports on individual federal financial assistance programs (program audits). | | | |
| Single Audit Reports (ASLGU). | | | |

| | | | | |
|--|--|------|-------|----------|
| Certified Public Accountant (Firm Name) | | | | |
| Street Address | | City | State | ZIP Code |
| Accountant Signature <i>Siegfried Crandall P.C.</i> | | | Date | |

Township of Sparta
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

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INDEPENDENT AUDITORS' REPORT

**Sparta Township Board
Township of Sparta, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Sparta, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Sparta, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 9, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The budgetary comparison information, on pages 17 through 19, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sparta Township Board
Township of Sparta, Michigan
Page 4

The Township of Sparta, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

May 20, 2005

BASIC FINANCIAL STATEMENTS

Township of Sparta
STATEMENT OF NET ASSETS
March 31, 2005

| | <u>Governmental activities</u> |
|--|---|
| ASSETS | |
| Current assets: | |
| Cash | \$ 739,924 |
| Investments | 186,613 |
| Receivables (net) | <u>73,072</u> |
| Total current assets | <u>999,609</u> |
| Noncurrent assets: | |
| Capital assets (net of accumulated depreciation) | <u>491,609</u> |
| Total assets | <u>1,491,218</u> |
| LIABILITIES | |
| Current liabilities: | |
| Payables | 18,079 |
| Customer deposits | <u>4,463</u> |
| Total current liabilities | <u>22,542</u> |
| NET ASSETS | |
| Invested in capital assets | 491,609 |
| Restricted for public works | 9,625 |
| Unrestricted | <u>967,442</u> |
| Total net assets | <u>\$ 1,468,676</u> |

See notes to financial statements

Township of Sparta
STATEMENT OF ACTIVITIES
Year ended March 31, 2005

| | | <u>Program Revenues</u> | | <u>Net (expenses) revenues and changes in net assets</u> |
|---------------------------------------|-------------------|---------------------------------|---|--|
| | <u>Expenses</u> | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Governmental activities</u> |
| Functions/Programs | | | | |
| Governmental activities: | | | | |
| Legislative | \$ 7,293 | \$ - | \$ - | \$ (7,293) |
| General government | 378,770 | 47,087 | - | (331,683) |
| Public safety | 281,158 | 68,648 | - | (212,510) |
| Public works | 23,099 | - | 8,387 | (14,712) |
| Culture and recreation | 191,547 | 24,999 | 14,813 | (151,735) |
| Community and economic development | <u>10,863</u> | <u>-</u> | <u>-</u> | <u>(10,863)</u> |
| Total governmental activities | <u>\$ 892,730</u> | <u>\$ 140,734</u> | <u>\$ 23,200</u> | <u>(728,796)</u> |
| General revenues: | | | | |
| Property taxes | | | | 353,303 |
| State shared revenue | | | | 322,366 |
| Interest income | | | | 15,888 |
| Other | | | | <u>2,143</u> |
| Total general revenues | | | | <u>693,700</u> |
| Change in net assets | | | | (35,096) |
| Net assets - beginning | | | | <u>1,503,772</u> |
| Net assets - ending | | | | <u>\$ 1,468,676</u> |

See notes to financial statements

Township of Sparta
BALANCE SHEET - governmental funds

March 31, 2005

| | <u>General</u> | <u>Fire</u> | <u>Library</u> | <u>Total governmental funds</u> |
|--|-------------------|-------------|------------------|---|
| ASSETS | | | | |
| Cash | \$ 710,125 | \$ - | \$ 29,799 | \$ 739,924 |
| Investments | 186,613 | - | - | 186,613 |
| Receivables | 73,072 | - | - | 73,072 |
| | | | | |
| Total assets | <u>\$ 969,810</u> | <u>\$ -</u> | <u>\$ 29,799</u> | <u>\$ 999,609</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Payables | \$ 11,992 | \$ - | \$ 6,087 | \$ 18,079 |
| Customer deposits | 4,463 | - | - | 4,463 |
| | | | | |
| Total liabilities | <u>16,455</u> | <u>-</u> | <u>6,087</u> | <u>22,542</u> |
| Fund balances: | | | | |
| Reserved for public works | 9,625 | - | - | 9,625 |
| Unreserved: | | | | |
| Designated | 139,143 | - | - | 139,143 |
| Undesignated | 804,587 | - | 23,712 | 828,299 |
| | | | | |
| Total fund balances | <u>953,355</u> | <u>-</u> | <u>23,712</u> | <u>977,067</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 969,810</u> | <u>\$ -</u> | <u>\$ 29,799</u> | |

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

491,609

Net assets of *governmental activities*

\$ 1,468,676

See notes to financial statements

Township of Sparta**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2005*

| | <u>General</u> | <u>Fire</u> | <u>Library</u> | <u>Total governmental funds</u> |
|--|-------------------|---------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 302,144 | \$ 51,159 | \$ - | \$ 353,303 |
| Licenses and permits | 68,648 | - | - | 68,648 |
| State grants | 330,753 | - | 7,790 | 338,543 |
| Charges for services | 30,108 | - | - | 30,108 |
| Interest and rentals | 15,530 | - | 358 | 15,888 |
| Fines and forfeitures | - | - | 19,809 | 19,809 |
| Other | 19,122 | - | 12,213 | 31,335 |
| Total revenues | <u>766,305</u> | <u>51,159</u> | <u>40,170</u> | <u>857,634</u> |
| EXPENDITURES | | | | |
| Legislative | 7,293 | - | - | 7,293 |
| General government | 366,559 | - | - | 366,559 |
| Public safety | 229,999 | 51,159 | - | 281,158 |
| Public works | 23,099 | - | - | 23,099 |
| Community and economic development | 10,863 | - | - | 10,863 |
| Culture and recreation | 12,054 | - | 161,017 | 173,071 |
| Capital outlay | 5,178 | - | 5,160 | 10,338 |
| Total expenditures | <u>655,045</u> | <u>51,159</u> | <u>166,177</u> | <u>872,381</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>111,260</u> | <u>-</u> | <u>(126,007)</u> | <u>(14,747)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 118,500 | 118,500 |
| Transfers out | (118,500) | - | - | (118,500) |
| Total other sources (uses) | <u>(118,500)</u> | <u>-</u> | <u>118,500</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(7,240)</u> | <u>-</u> | <u>(7,507)</u> | <u>(14,747)</u> |
| FUND BALANCES - BEGINNING | <u>960,595</u> | <u>-</u> | <u>31,219</u> | <u>991,814</u> |
| FUND BALANCES - ENDING | <u>\$ 953,355</u> | <u>\$ -</u> | <u>\$ 23,712</u> | <u>\$ 977,067</u> |

See notes to financial statements

Township of Sparta

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2005

| | <i>Total governmental funds</i> |
|---|--|
| | <u></u> |
| Net change in fund balances - total governmental funds (page 8) | \$ (14,747) |
| Amounts reported for <i>governmental activities</i> in the statement of activities are different because: | |
| Capital assets: | |
| Assets acquired | 2,707 |
| Provision for depreciation | <u>(23,056)</u> |
| Change in net assets of <i>governmental activities</i> (page 6) | \$ <u>(35,096)</u> |

See notes to financial statements

Township of Sparta
STATEMENT OF FIDUCIARY NET ASSETS - *agency funds*
March 31, 2005

ASSETS

| | |
|------|-----------------|
| Cash | \$ <u>2,593</u> |
|------|-----------------|

LIABILITIES

| | |
|----------|-----------------|
| Payables | \$ <u>2,593</u> |
|----------|-----------------|

See notes to financial statements

Township of Sparta
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Sparta, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for financial resources derived from property taxes which finance a portion of the Township's fire protection costs.

The Library Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for operation of the Library.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|--------------|
| Buildings and improvements | 50 years |
| Equipment | 5 - 20 years |

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - During the year ended March 31, 2005, the Township incurred expenditures that were significantly in excess of the amount appropriated relative to Library expenditures. Library expenditures in excess of appropriations, in the amount of \$11,727, were funded by available fund balance in the Library Fund.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS:

The Township's cash and investment balances at year end are as follows:

| | <u>Governmental activities</u> | <u>Fiduciary</u> | <u>Total</u> |
|-------------|------------------------------------|------------------|-------------------|
| Cash | \$ 739,924 | \$ 2,593 | \$ 742,517 |
| Investments | <u>186,613</u> | <u>-</u> | <u>186,613</u> |
| Total | <u>\$ 926,537</u> | <u>\$ 2,593</u> | <u>\$ 929,130</u> |

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$742,517 and a bank balance of \$777,337. Of the bank balance, \$359,476 is covered by federal depository insurance and \$417,861 is uninsured.

Investments:

State statutes authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds; and f) investment pools organized under the local government investment pool act. The Township's investments consist of holdings in the Kent County Investment Pool, which are nonrisk categorized, qualifying investments, and are carried at cost, which approximates fair market value.

NOTE 4 - RECEIVABLES:

Receivables, as of year end, for the Township's funds are as follows:

| <u>Fund</u> | <u>Property taxes</u> | <u>Inter- governmental</u> | <u>Total</u> |
|-------------|---------------------------|--------------------------------|--------------|
| General | \$ 20,003 | \$ 53,069 | \$ 73,072 |

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2005, was as follows:

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 593,971 | \$ - | \$ - | \$ 593,971 |
| Equipment and library books | <u>372,621</u> | <u>2,707</u> | <u>-</u> | <u>375,328</u> |
| Subtotal | <u>966,592</u> | <u>2,707</u> | <u>-</u> | <u>969,299</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 257,926 | 12,216 | - | 270,142 |
| Equipment and library books | <u>196,708</u> | <u>10,840</u> | <u>-</u> | <u>207,548</u> |
| Subtotal | <u>454,634</u> | <u>23,056</u> | <u>-</u> | <u>477,690</u> |
| Total capital assets being depreciated (net) | <u>511,958</u> | <u>25,763</u> | <u>-</u> | <u>491,609</u> |
| Governmental activities capital assets, net | <u>\$ 511,958</u> | <u>\$ 25,763</u> | <u>\$ -</u> | <u>\$ 491,609</u> |

Depreciation expense was charged to functions of the Township as follows:

| | |
|--------------------------|------------------|
| Governmental activities: | |
| General government | \$ 9,740 |
| Culture and recreation | <u>13,316</u> |
| | <u>\$ 23,056</u> |

NOTE 6 - PAYABLES:

Payables, as of year end, for the Township's funds are as follows:

| <u>Fund</u> | <u>Accounts</u> | <u>Deposits</u> | <u>Inter- governmental</u> | <u>Total</u> |
|-------------|------------------|-----------------|--------------------------------|------------------|
| General | \$ 8,695 | \$ 4,463 | \$ 3,297 | \$ 16,455 |
| Library | <u>6,087</u> | <u>-</u> | <u>-</u> | <u>6,087</u> |
| Total | <u>\$ 14,782</u> | <u>\$ 4,463</u> | <u>\$ 3,297</u> | <u>\$ 22,542</u> |

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

| | |
|--------------------------------------|--------------------|
| Revenues | \$ 40,040 |
| Expenses | <u>(52,263)</u> |
| Deficiency of revenues over expenses | <u>\$ (12,223)</u> |

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustment to beginning net assets has been made to reflect the cumulative effect of this accounting change:

| | |
|--|---------------------|
| Net assets, as previously reported | \$ 991,814 |
| Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds. | <u>511,958</u> |
| Net assets, as restated | <u>\$ 1,503,772</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Township of Sparta**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2005

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|--------------------------|----------------------------|---------------------------|----------------|---|
| REVENUES | | | | |
| Property taxes | \$ 292,550 | \$ 292,550 | \$ 302,144 | \$ 9,594 |
| Licenses and permits | 82,150 | 82,150 | 68,648 | (13,502) |
| State grants | 333,200 | 333,200 | 330,753 | (2,447) |
| Charges for services | 23,800 | 23,800 | 30,108 | 6,308 |
| Interest and rentals | 25,200 | 25,200 | 15,530 | (9,670) |
| Other | 6,650 | 6,650 | 19,122 | 12,472 |
| Total revenues | <u>763,550</u> | <u>763,550</u> | <u>766,305</u> | <u>2,755</u> |
| EXPENDITURES | | | | |
| Legislative | <u>7,550</u> | <u>7,550</u> | <u>7,293</u> | <u>257</u> |
| General government: | | | | |
| Supervisor | 22,746 | 22,746 | 21,429 | 1,317 |
| Election | 10,000 | 10,000 | 9,695 | 305 |
| Assessor | 39,950 | 39,950 | 35,138 | 4,812 |
| Clerk | 45,800 | 45,800 | 46,997 | (1,197) |
| Board of review | 1,450 | 1,450 | 1,453 | (3) |
| Treasurer | 37,600 | 37,600 | 41,466 | (3,866) |
| Hall and grounds | 32,800 | 40,400 | 38,357 | 2,043 |
| Cemetery | 53,250 | 53,250 | 48,747 | 4,503 |
| Historical commission | 6,000 | 6,000 | 14,685 | (8,685) |
| Professional services | 52,500 | 63,900 | 55,530 | 8,370 |
| Other | 53,000 | 61,900 | 53,062 | 8,838 |
| Total general government | <u>355,096</u> | <u>382,996</u> | <u>366,559</u> | <u>16,437</u> |
| Public safety: | | | | |
| Building inspections | 44,725 | 44,725 | 42,693 | 2,032 |
| Fire protection | 187,500 | 187,500 | 187,306 | 194 |
| Total public safety | <u>232,225</u> | <u>232,225</u> | <u>229,999</u> | <u>2,226</u> |

Township of Sparta

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2005

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|---|----------------------------|---------------------------|-------------------|---|
| EXPENDITURES (Continued) | | | | |
| Public works: | | | | |
| Road maintenance | \$ 20,000 | \$ 20,000 | \$ 16,544 | \$ 3,456 |
| Street lighting | 1,800 | 1,800 | 1,221 | 579 |
| Drains | 4,500 | 4,500 | 5,334 | (834) |
| Total public works | <u>26,300</u> | <u>26,300</u> | <u>23,099</u> | <u>3,201</u> |
| Community and economic development - planning and zoning | <u>10,500</u> | <u>10,500</u> | <u>10,863</u> | <u>(363)</u> |
| Culture and recreation - library | <u>7,500</u> | <u>11,600</u> | <u>12,054</u> | <u>(454)</u> |
| Capital outlay | <u>6,000</u> | <u>6,000</u> | <u>5,178</u> | <u>822</u> |
| Total expenditures | <u>645,171</u> | <u>677,171</u> | <u>655,045</u> | <u>22,126</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 118,379 | 86,379 | 111,260 | 24,881 |
| OTHER FINANCING USES | | | | |
| Library Fund | <u>(118,500)</u> | <u>(118,500)</u> | <u>(118,500)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (121) | (32,121) | (7,240) | 24,881 |
| FUND BALANCES - BEGINNING | <u>960,595</u> | <u>960,595</u> | <u>960,595</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 960,474</u> | <u>\$ 928,474</u> | <u>\$ 953,355</u> | <u>\$ 24,881</u> |

Township of Sparta
BUDGETARY COMPARISON SCHEDULE - Library Fund
Year ended March 31, 2005

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|---|----------------------------|---------------------------|------------------|---|
| REVENUES | | | | |
| State grants | \$ 7,400 | \$ 7,400 | \$ 7,790 | \$ 390 |
| Interest | - | - | 358 | 358 |
| Fines and forfeitures | 19,000 | 19,000 | 19,809 | 809 |
| Other | <u>9,550</u> | <u>9,550</u> | <u>12,213</u> | <u>2,663</u> |
| Total revenues | <u>35,950</u> | <u>35,950</u> | <u>40,170</u> | <u>4,220</u> |
| EXPENDITURES | | | | |
| Recreation and culture | 152,950 | 152,950 | 161,017 | (8,067) |
| Capital outlay | <u>1,500</u> | <u>1,500</u> | <u>5,160</u> | <u>(3,660)</u> |
| Total expenditures | <u>154,450</u> | <u>154,450</u> | <u>166,177</u> | <u>(11,727)</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (118,500) | (118,500) | (126,007) | 7,507 |
| OTHER FINANCING SOURCES | | | | |
| General Fund | <u>118,500</u> | <u>118,500</u> | <u>118,500</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - | - | (7,507) | (7,507) |
| FUND BALANCES - BEGINNING | <u>31,219</u> | <u>31,219</u> | <u>31,219</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 31,219</u> | <u>\$ 31,219</u> | <u>\$ 23,712</u> | <u>\$ (7,507)</u> |